

## Message Text

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EXIM/TDOUGHTY

ARA/EGP:EMCOHEN

EB/OCA/BR:PTO'CONNOR

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R 202122Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

UNCLAS STATE 208139

E.O. 11652: N/A

TAGS: BEXP, AR

SUBJECT: RIO GRANDE HYDROELECTRIC PROJECT

REF: (A) BUENOS AIRES 6618; (B) BUENOS AIRES 6733

1. USDOC MAJOR EXPORT PROJECTS DIVISION HAS BEEN ADVISED BY ALLIS-CHALMERS (A-C) THAT THE VISIT OF THE THREE AGUA Y ENERGIA ELECTRICA (AYEE) OFFICIALS TO THE US WENT EXTREMELY WELL.

2. IN NEW YORK, A-C INTRODUCED THE AYEE DELEGATION TO LLYOD BANK INTERNATIONAL (LBI), THE PARTICIPATING COMMERCIAL BANK ON THIS PROJECT.

3. IN WASHINGTON, AYEE MET WITH MR. T. DOUGHTY EXIMBANK PROJECT LOAN OFFICER AND OTHER BANK OFFICIALS. ALSO IN ATTENDANCE  
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AT THIS MEETING WERE MR. R. B. SIEBENSOHN OF A-C YORK;

A-C CORPORATE INTERNATIONAL FINANCE REPS.; LBI REPZMV AND MR. A. R. CARAM, THE FINANCIAL MINISTER OF ARGENTINE EMBASSY WASHINGTON. A-C REPORTED THAT EXIMBANK MEETING WAS CORDIAL AND QUITE INFORMATIVE FOR AYEE. THE RIO GRANDE PROJECT WILL BE THE FIRST EXIMBANK PROJECT LOAN FOR AYEE. THE SUBSTANTIVE DISCUSSIONS AT THE BAK INCLUDED A-C'S INCREASE PROJECT PRICE NECESSARY TO COVER COST ESCALATION, AND ADDITIONAL REQUIRED AYEE FINANCIAL DOCUMENTATION INCLUDING CASH FLOW, PROFIT AND LOSS STATEMENT, AND JUSTIFICATION FOR LOCAL COST FINANCING. AYEE REPS AGREED TO SEND THE DOCUMENTS TO THE BANK WHEN THEY RETURN TO B.A.

4. IN WASHINGTON, AYEE AND A-C ALSO MET WITH ARGENTINE AMBASSADOR OFILA WHO COMMITTED HIS EMBASSY'S FULL SUPPORT TO AID AYEE IN NEGOTIATION WITH EXIMBANK. UNFORTUNATELY, DUE TO THE EXTREMELY TIGHT SCHEDULE WHILE IN WASHINGTON, THE AYEE DELEGATION DID NOT HAVE TIME TO VISIT USDOC, BUT WAS APPRECIATIVE OF THE OFFER.

5. IN YORK, PA., A-C HYDRO TURBINE DIVISION IMPRESSED AYEE ON A-C'S CAPABILITIES AND EXPERIENCE ON HYDRO TURBINE DESIGN AND MANUFACTURE AND SPECIFICALLY, A-C'S REVERSIBLE PUMP/TURBINE EXPERIENCE. THE AYEE REPS SUGGESTED TO A-C THAT IT WOULD BE APPROPRIATE TO INVITE MR. J. PETRONI, AYEE ADMINISTRATOR, TO VISIT AN A-C PUMPED-STORAGE PROJECT IN THE USM A-C WILL BE FOLLOWING THROUGH ON THIS SUGGESTION.  
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